



***United States Attorney  
Southern District of New York***

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**CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER  
REBEKAH CARMICHAEL  
JANICE OH  
PUBLIC INFORMATION OFFICE  
(212) 637-2600**

**LEADER OF MULTIMILLION-DOLLAR MORTGAGE  
AND INSURANCE FRAUD SCHEME PLEADS GUILTY**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that DOMINICK DEVITO pleaded guilty today in Manhattan federal court before United States District Judge BARBARA S. JONES to participating in a scheme to commit mortgage fraud and insurance fraud and to obstruct justice. According to the Indictment, other documents filed in the case, and statements made during the guilty plea proceeding:

From January 2002 through November 2004, DEVITO was the leader of a fraudulent real estate investment scheme, which had as its primary objective the purchase of multimillion-dollar residential properties in various communities in Westchester County -- including Purchase, New York -- with loans obtained through the submission of false and misleading information to banks and other lenders. Many of the loans were for amounts equal to or more than one hundred percent of the property's actual sale price, so that DEVITO and his co-conspirators did not have to risk any of their own money in the transaction. DEVITO identified properties for sale, orchestrated the purchase of the properties, and performed construction work at the properties.

In furtherance of the fraud, DEVITO submitted to various federally-insured banks loan applications, contracts of sale, deeds, real estate transfer documents, title reports, and other documents which contained materially false or misleading information about the income, assets, existing debt and credit-worthiness of the borrower, the chain of title to the property, and the sale price of the home. DEVITO and his co-conspirators also indicated the borrower's intent to reside in the property as a primary residence, when the properties were typically purchased for investment purposes.

DEVITO ultimately "cashed out" on certain properties by taking additional private loans against the already fraudulently-inflated sale price of the properties. The proceeds of these loans, which were never repaid in full, were deposited in a bank account used for DEVITO's benefit.

As a result of DEVITO's scheme to defraud, DEVITO obtained millions of dollars in loan proceeds, and was able to control certain properties that he otherwise would not have been able to purchase and finance. The banks, on the other hand, lost millions of dollars when DEVITO and his co-conspirators defaulted on mortgage payments and caused several of the properties to go into foreclosure.

In addition, from January 2003 through February 2005, DEVITO engaged in a scheme to defraud insurance companies by submitting false and misleading insurance claims and supporting documents for water damage caused by broken pipes at several of the homes he and his co-conspirators had purchased as part of the mortgage fraud scheme.

Also, DEVITO obstructed justice in connection with his sentencing in 2003 in Manhattan federal court after he was convicted of racketeering and mortgage fraud in an earlier case. Specifically, DEVITO submitted false and misleading information regarding the value of his assets and his personal net worth following his sale of a property located in Purchase, New York.

DEVITO, 44, pleaded guilty to one count of conspiracy to commit bank fraud, one count of conspiracy to commit mail fraud, and one count of obstruction of justice. He faces a total maximum prison term of sixty years and mandatory restitution to the victims of his crimes. DEVITO also agreed to forfeit a total of \$1.4 million. He is scheduled to be sentenced by United States District Court Judge BARBARA S. JONES on October 24, 2008.

Of the four other defendants charged in the case, one has pleaded guilty and the other two await trial, which is scheduled for September 2, 2008. As to the defendants awaiting trial, the charges are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Mr. GARCIA praised the work of the Federal Bureau of Investigation in the investigation of this case.

Assistant United States Attorneys KATHERINE R. GOLDSTEIN and JONATHAN B. NEW are in charge of the prosecution.